

Date: Thu, 3 Aug 1995 00:50:00 -0400

From: BSchuler1@aol.com

To: LDobyns@aol.com, Linda@navisoft.com, Brewster@wais.com, David@wais.com,
Todd@gnn.com, MartinF616@aol.com

Cc: Lisag@gnn.com, KathyR@aol.com, Leonsis@aol.com, NaviSoft@aol.com

Subject: Internet Tools Meeting Recap

Folks:

Thanks for the patience and support in picking our way through some difficult issues. We made great progress today.

So here is a recap so we are all clear on decisions and next steps.

1. WAIS to stop proactively selling WAIS Server product but not to turn away business. Plan on meeting 12 month support commitments.
2. Lydia Dobyns to own research on making WAIS Server an SKU in her product line. Her decision will determine future of WAIS Server as an external SDK. Any decision about WAIS development resources on hold until that decision.
3. Lydia to get WAIS telemarketing and marketing resources - transition issues to be worked out 8/3.
4. AOL Productions Web studio to use NaviPress/NaviServer solution for appropriate applications. WAIS Server/NaviServer solution will be used for db type applications.
5. Lydia/Brewster/Linda D. to collaborate to determine feasibility of integration of WAIS Server functionality into NaviServer feature set.
6. Todd/Brewster/Barry to collaborate on next steps to support creation of GNN content production/publishing environment. This project will include close collaboration with Lydia/Linda.

If I missed anything, please chime in.

Thanks,
Barry

Date: Tue, 18 Jul 1995 23:49:50 -0400
From: BSchuler1@aol.com
To: brewster@wais.com
Subject: Re: splitting WAIS Inc

I met with David today and we discussed who in the organization would go where. He will be discussing this with you for finalization.

Once we have that I will circulate it to Ted, Steve, Len and David Cole.

They are already on board with the concept behind this. Assuming they have no comments about the organization, we will move into the tactics of you speaking to Lydia Dobyns and David Cole, then talking to your organization.

There is an AOL company meeting scheduled for July 31. It will be simulcast to a site (to be determined) for all AOL West people. It would be good to have this done next week so you can talk to your people prior to the company meeting.

Call me if you have any questions.

Barry

Date: Tue, 25 Jul 1995 23:51:10 -0400
From: BSchuler1@aol.com
To: brewster@wais.com
Cc: David@wais.com, LDobyns@aol.com, Bdunn1@aol.com
Subject: Re: Building the next generation IP tools

Brewster:

I had dinner with Steve Case tonight and we talked through all of the WAIS related issues. So we will move forward with the split. BUT we must move carefully and thoughtfully. So here are a few things...

The org chart presented last week needs some refinement. You should not position the product piece as a suicide mission. I have had meetings with the New Enterprise Group and Lydia and there are a lot of ways things can land.

Also please don't formally announce the details of the split yet until the details are worked out. Lydia will be coming out next week to meet with you.

Next, on your tools memo. There is a lot of interest in getting you and your team focused on an advanced tools role. What needs further work is who it should report through to and how it is structured. Lydia will discuss this further with you also when she is out. Then there can be discussions with Mike Connors.

I know this is a difficult transition, but please be patient and let's work this through next week. You don't have to be concerned about the July 31 company meeting, there is no specific reference to any of these reorg activities.

Let's touch base on Friday when I get back....

Barry

Date: Wed, 26 Jul 1995 23:25:44 -0400
From: BSchuler1@aol.com
To: brewster@wais.com
Cc: Bdunn1@aol.com, David@wais.com
Subject: Re: Building the next generation IP tools

Brewster...

I spent time with Lydia today...Aside from the other discussions, I think we all need to spend some time on what the full compliment of tools the production studio should have...you can be really helpful with this. Lydia will coordinate a meeting around this next week...

Thanks,
Barry

Date: Mon, 7 Aug 1995 22:48:08 -0400

From: BSchuler1@aol.com

To: david@wais.com, brewster@wais.com

Cc: bruce@wais.com, LDobyns@aol.com

Subject: Re: the message, also Fujitsu

Let me just add that we need to sieze the high ground here and portray this as positive, a natural evolution and the end result will be a more complete solution...that is assuming that's what we intend to deliver...

Barry

Date: Mon, 7 Aug 1995 23:00:43 -0400
From: BSchuler1@aol.com
To: brewster@wais.com
Subject: Re: One-on-one Meeting minutes

Brewster:

A couple of further clarifications...please discuss the maintenance team configuration with David K, I'd like his opinion of resource requirements.

Also the final configuration is dependant upon where Lydia lands on integration and what Ray Oglethorpe can do for us.

Also...I'm not sure where you and your maintenance/integration team ultimately should report through to (Productions or Software Products) but you will report to me until we sort things out further.

The rest looks fine.

Best,
Barry

Date: Tue, 8 Aug 1995 23:52:28 -0400
From: BSchuler1@aol.com
To: brewster@wais.com
Subject: Re: Nick

Brewster:

Let me try and leave no ambiguity in your mind. We are in a reorganization and consolidation. We are in a hiring freeze. We are in a company acquisition freeze. We are eliminating duplication. Along the way we are making difficult but necessary decisions, because they are fiscally responsible.

You have abdicated "fiscal responsibility" for WAIS so perhaps you are not in touch, but it does not change the fact that the numbers for the last two quarters are abysmal. The company is hemorrhaging money for its size. On deeper analysis every piece of the business, both production services and the Server product are unprofitable.

This is why we are moving quickly to reduce whatever expenses possible and to get things refocused.

In cases where people's positions are being eliminated we are working to find other opportunities for them. This process is going on for Redgate and Medior people as well. Len Leader is not interested in Nick nor is Lynne Crawford. There is no spot for him and we cannot afford to wait for a position that might emerge someday.

I want to reiterate that Lydia has the last word on the WAIS Server product and the team to support it. She has promised a decision by tomorrow. If the team gets broken up we will have to figure out how we fill the support need.

I understand the difficulty involved in laying people off. Ted and I are dealing with the same thing. As for your own future - in a new role with a new mission, you would be given the opportunity to staff it appropriately. I suggest you should explore the different opportunities we discussed.

Barry

Date: Wed, 9 Aug 1995 07:56:36 -0400
From: BSchuler1@aol.com
To: brewster@wais.com
Subject: Re: Nick

Brewster:

My note was trying to help you understand what is going on in the company (AOL.) If you are confused about WAIS numbers give Lynne Crawford a call and she can explain reality.

I think we would be best served if you drop the "Jeep" metaphor and focus on functions in the new organization.

In my notes to your "one-on-one minutes" I wrote:

<<A couple of further clarifications...please discuss the maintenance team configuration with David K, I'd like his opinion of resource requirements. Also the final configuration is dependant upon where Lydia lands on integration and what Ray Oglethorpe can do for us.

Also...I'm not sure where you and your maintenance/integration team ultimately should report through to (Productions or Software Products) but you will report to me until we sort things out further.>>

To further clarify - Lydia is the product person and it is her decision that will drive where product resources land. If it is deemed best that she also manages the support committment, then that is what we must support.

I asked that you coordinate with David K. because we should be determining what is the most efficient way (least manpower) to meet our support committments. The list of people you made did not seem like overkill for a support mission.

If you want to oversee support, that is fine with me but it must be done efficiently and in the right place in the organization.

I really want to bring the overall direction for this stuff to closure by Friday. So we can get to building products and making markets.

Thanks,
Barry

Date: Sat, 29 Jul 1995 05:15:41 -0400
From: LDobyns@aol.com
To: brewster@wais.com
Cc: linda@navisoft.com
Subject: Re: hi

Brewster,

thanks for your note. Linda got in late Fri. We're going to be working much of the week-end, screaming towards a concrete view of the "NaviSoft 2.0" world. We'll try to connect with you over the week-end, however, I think the submersion effect may consume us. Assuming that you're in the office on Mon, let's try to connect before Linda flies West. However, Mon/Tue is awful for me--between employee mtg, board mtg, and flying West on Tues. The fallback, as you note, is Wed afternoon. I'm aiming for a 2pm mtg at WAIS with David K and Barry, so you and I can sit down after that....

Re your mention to "contributing to the Empire..." the NaviSoft business charter is solely focused on delivering software tools that contribute directly (i.e., true P&L) and indirectly (supporting the Brand's online services). Barry Schuler is charged, as "tools czar" to define tools strategy for the Brands. NaviSoft's mission is to be the market leader in Internet-based publishing systems. To accomplish the market leader position we have to first deliver a "better than Blackbird"; "more real than Netscape/Java", and "able to defend against Oracle" VISION of our tools (the PR perception game). Then, secondly, we must DELIVER, on very quick milestones to gain credibility for the vision. Anyway in which the awesome WAIS Internet presence can first assist the VISION objective and then, much more importantly, contribute significant development efforts to accomplishing the deliverables, the EMpire is then truly served.

NaviSoft 1.0/1.1 is the foundation for our client/server tools strategy. NaviSoft 2.0 must stun the industry with sheer accomplishment/delivery. And, of course, all this is meaningless, unless we demonstrate real sales/marketing prowess from now til then. Ah, the revenue/market perception game.....

I'm looking forward to hearing your thoughts on this, and ideas on how you and the team can become vital to this effort...

thanks
Lydia

Date: Tue, 25 Jul 1995 19:04:30 -0400
From: LDobyns@aol.com
To: brewster@wais.com
Subject: Re: congratulations on the bi...

Brewster, thanks for your note. We're all excited about many of the development and business milestones in the NaviSoft business!

Barry Schuler and I met today to discuss the integration of the WAIS development team into the NaviSoft Software Products Group. I spoke briefly to Linda Dozier about this, and we are both very excited to get together and explore common vision and integrate your thinking into our future product strategy plan. We should do this asap. Go ahead and call Linda and see if this week in Santa Barbara makes sense. I will be on the West Coast next Wed/Thurs, and Linda will be here on 8/7 (VA) talking about the version 2.0 NaviSoft product plan, so we must get you in the loop prior to this presentation.

I'm looking forward to having you and your expertise and vision incorporated into our product and marketing undertakings. These are EXCITING times!!
look forward to seeing you soon,
Lydia

Date: Wed, 26 Jul 1995 22:13:40 -0400
From: LDobyns@aol.com
To: brewster@wais.com
Subject: sorry couldn't return call today

Brewster,
sorry I couldn't return call today, to say it has been crazy, well, you know the drill. I hope you have connected with Linda. I will be in SF on Wed, and am working with David Kaiser and Barry to be at WAIS in the afternoon. So, I'll plan on connecting with you then.

The "short" version of the proposed change is that I am very excited about adding you and the engineering team, and believe that when you and Linda get a chance to weave product visions as they related to Internet-based publishing and commerce tools, we will have great synergy, and you and Edy and the team can jump into development projects integral to the 2.0 product strategy.

John Duhring was out today, and got a big "hit" on what the NaviSoft business charter is all about, see if you can catch up with him tomorrow to get his impressions.

see you next week! let's attempt the "phone" connection tomorrow.
Lydia

Date: Fri, 25 Aug 1995 08:20:09 -0700
From: scharf@ix.netcom.com (Nick Scharf)
Subject: aol memo from nick
To: brewster@wais.com
Brewster:

Here's my outline of key events in Q3 and Q4. Lets discuss

Nick

AOL Acquisition of WAIS, Inc.
Forecasts and Financial Performance
8/25/95

1. Third Quarter, FY 95 (January-March 1995)

- . Revenue recognition based upon milestones - non-refundable deposit, deliveries
- . Revenue recognition policy discussed with AOL, AOL auditors
- . New production services projects booked, revenue recognized- sales exceeded plan and forecast
- . Began having significant staffing problems - project managers, engineers
- . Production services staff not hired- continued delays in AOL acquisition and concern that deal would not go through, therefore causing significant cash flow risk- pending 500K tax liability, other funding sources put on back burner by terms of AOL agreement (precluded from talking to other sources after loan granted by AOL to WAIS)

2. Fourth Quarter, FY 95

- . AOL acquisition began firming up, finally completed early in quarter
- . AOL encourages WAIS to plan for dramatic ramp-up- 100 production services projects per year, 400 people required (unrealistic growth)
- . Production services staffing becomes a dramatic problem- projects started late, 1 production services manager with pending pregnancy leave, engineers handling multiple projects
- . WAIS begins to scramble- reassigns government office (Washington DC) to production services projects, CFO begins to manage two projects, begins ramping up hiring efforts, starts helping schedule engineers to attempt to alleviate project staffing problems
- . Brewster Kahle told to focus on non-operational issues, David Kaiser assumes operational responsibility, while devoting 50-70% of time to Teresa project
- . AOL imposes hiring freeze
- . AOL gives instructions to respond only to jobs referred by AOL for AOL IP's
- . AOL changes instructions re AOL IP's - accept other projects

. AOL changes instructions re AOL IP's- WAIS to become AOL "studio"

. Production Services staffing becomes critical- workload on staff, continued late start on project, engineers diverted from project to project to manage current crisis with major accounts (New York Times, Dow Jones, Intel, State of California,etc.)- projects begin to run into trouble, customers complaining

. Contractors hired to bail out projects- contractors have learning curve problems with projects in crisis mode
. Early in quarter, Sales begins to put off customers, eventually stopped booking new business because of no capacity in Production Services department (1 new Production Services Project booked in quarter for \$70K- dramatically below forecast)

. Projects in "backlog" and "very firm" canceled- Reuters not pushed by Sales, Egghead Software "senses lack of capacity" with short delivery time requirement, Sales reluctant to sell as aggressively as in the past because of capacity problems

. AOL continues to give mixed messages- financial side wants profitability, operational side wants "captive Production Services group to support only AOL IP's, hiring freeze maintained.

. WAIS Production Services Sales Account Manager, Sales department no longer able to keep up with Account Management and for current customers and new proposal backlog

. \$500K government contract canceled by WAIS - not part of "AOL mission (\$75K of Q4 revenue had been forecast for Q4)

X-Sender: brewster@wais.com (Unverified)
Mime-Version: 1.0
Date: Fri, 25 Aug 1995 08:27:46 -0800
To: wais-staff
From: brewster@wais.com (Brewster Kahle)
Subject: My visit to the AOL HQ

WAISites,

I met with Steve Case, Ted Leonsis, Len Leader, Mike Connors, and Bill Dunn in the last couple of days.

It was a bad-news/good-news/great-news set of meetings.

Bad news: I got beat up for WAIS's financial performance and it became clear that there is little visibility in the management and business model changes that have been made here at their level.

Good news: I am glad they care, however. Since I am the one they are asking about this, I will respond and try to get closure at that level on changes.

Great news: I have been charged to "coordinate a long-term technology strategy for the Internet" as a direct report to Mike Connors. I will be drawing on our technical expertise here and elsewhere in AOL to do this. (I really need the help!) I am not sure when the new position will take effect, but this is the direction. (see below)

I am psyched that things are going in a possitive direction for both production services and product.

-brewster

Subj: Technology Strategy for Internet
Date: 95-08-24 09:25:37 EDT
From: MConnors
To: Appelman,DHKirk,DaveButler
To: wjh@navisoft.com,udi@ubique.co.il
CC: brewster@wais.com,DGang
CC: lisag@gnn.com,LynC2,Audrey
CC: BSchuler1,Leonsis,Steve C
CC: NaviSoft,Zgi,RayIIN,Korn,MSeriff

I have invited Brewster Kahle to coordinate a long-term technology strategy for the Internet. Each of you (as well as your counterparts in the Brand, GNN and Corporate Development) have views, projects and products underway which have important implications for AOL's long-term Internet involvement.

Brewster will be contacting you over the next several weeks to get your views and input.

Mike

To: SteveC@aol.com
From: brewster@wais.com (Brewster Kahle)
Subject: Navisoft Note
Cc:
Bcc:
X-Attachments:

August 27, 1995

Steve,

You asked for a private note on Navisoft's products. Many at AOL, myself included, tread softly on this issue for a number of reasons including that some of my people have been reassigned to Navisoft. I appreciate the sensitivity.

I have not done a thorough examination, rather I pulled together what was conveniently available.

I am sending you a notebook of supporting materials that I think are worth browsing through.

- The market
- The team
- The technology
- Experience by sales
- Experience by a lead customer
- Differences between Naviserver and WAISserver

The market

NaviServer is a Web Server with a DBMS and Search Engine.
NaviPress is a Web Client that can be used to edit HTML.

They are competing against, and say they will outdo:

- Microsoft
- Netscape
- Oracle
- Freeware (many usable offerings, see the competitive analysis book)
- lots of smaller commercial offerings.

Further, they say they will be the technology infrastructure for AOL Productions.

A pretty tall order for a small team in Santa Barbara. A tall order for 600 programmers anywhere. It will be difficult to break into this market any way you look at it, and a late entry with this level of development will have a challenging time.

The team

Led by Lydia Dobyns. Spirited go-getter. On the other hand, she seems to be a challenging leader of people given experiences with her team.

Linda Dozier is a project oriented ball-of-fire. She has motivated mortals to do superhuman tasks. I believe she can do a lot if managed well. She is very much attached to living in Santa Barbara.

I don't know the rest.

The Technology

NaviServer combines a Web server and a brand-new DBMS. It is very cool idea. Everyone that has seen a demo loves it!

Good ideas, very ambitious and buggy. They are trying to do a sophisticated Mac, Windows, and Unix software with very few people.

It is only Release 1.0, so it is should be expected to take a year or so to polish.

Experience by sales

The Plan: \$300k in Sept, \$16M for the year.
Total sales to date is about \$16k (but newly on market).

For comparison, Netscape posted \$16M for the last 6 months in their prospectus. Navisoft's targets are aggressive.

\$2M is being spent on marketing Navisoft through WebFest (estimate by a Navisoft Marketing person).

WAIS product sales and marketing were recently reassigned to NaviSoft. I included many emails to the Navisoft sales people: I don't know if these are representative.

Frankly the tele-sales people are not encouraging about prospects.

Experience by Customers

Customer reactions on the sobering side:

From Hearst New Media (see full note below):
"Right now I consider the NaviServer system architecture too failure-prone to be used by anyone who needs high reliability and does not have formidable in-house expertise."

From Redgate:
"We tried it for a 20MegaByte project and it did not work well. We switched to WAIS."

From a WAIS engineer that has tried it:
"Very cool, but I would not use it in production."

Differences between Naviserver and WAISserver

Apples and Oranges. Naviserver and WAISserver are based on different technologies, different markets, and different price points.

WAISserver is for large IPs only. It is designed to help repurpose large existing collections of information on the net. It is the basis of Agent technology, production services, and other technology efforts.

WAISserver, further, has been on the net for 5 years. It is written up in every Internet book. It is a known standard.

A combination of ideas would work well if executed with vision and determination.

Either product needs a serious commitment to work well.

-brewster

>Date: Mon, 14 Aug 95 09:14:47 PDT

>X-Sender: dia@wais.com (Unverified)
>Mime-Version: 1.0
>To: dia
>From: Philip Greenspun <philg@hearstnewmedia.com> (by way of dia@wais.com (Dia
> Cheney))
>Subject: Re: Discuss use of NaviServer in site development
>
>John, Not exactly the reply we had hoped for, but very useful information.
>It would be interesting to find out how well informed Linda Dozier and the
>developers are on these issues. (Hopefully, it doesn't always require 3
>MIT programers to develop applications using NaviServer....) --dia
>
> I understand that the MultiMedia Newsstand was developed using the
> NaviServer tools. I 'm very interested in speaking with someone at Hearst
> New Media about your customization of the NaviServer.
>
> I have recently joined Navisoft and I am involved in developing the
> telesales program for the NaviServer product. It would be very helpful to
> know how easy (or difficult) it was to use the NaviServer tools to set up
> the site. Any feedback on the process would be very useful.
>
>Because of the ambitions of the Hearst management in terms of tracking
>readers without requiring them to log in, almost every page ended up
>being a Tcl script. This plus beta software trauma, Sun hardware
>problems, the horrors of the license manager (an evil part of the
>NaviServer system that should be expunged immediately), and the quirks
>of Illustra, it required three MIT-educated computer scientists to make
>a relatively trivial site: <http://mmnewsstand.com/>
>
>There are some things that Navisoft could do to make life easier for the
>customers and we'd be happy to talk to you. A few are easy (e.g.,
>trashing the Elan License Manager immediately and requiring that
>Illustra do the same for your embedded db).
>
>Right now I consider the NaviServer system architecture too
>failure-prone to be used by anyone who needs high reliability and does
>not have formidable in-house expertise.
>
> -- Philip Greenspun
>
>at Hearst New Media Center, (212) 649-2675
>(usually at MIT)
>always philg@mit.edu
>

Mime-Version: 1.0

Date: Mon, 28 Aug 1995 16:01:11 -0800

To: brewster

From: brewster@wais.com (Brewster Kahle)

Subject: charter from Mike Connors

Subj: Technology Strategy for Internet

Date: 95-08-24 09:25:37 EDT

From: MConnors

To: Appelman,DHKirk,DaveButler

To: wjh@navisoft.com,udi@ubique.co.il

CC: brewster@wais.com,DGang

CC: lisag@gnn.com,LynC2,Audrey

CC: BSchuler1,Leonsis,Steve C

CC: NaviSoft,Zgi,RayIIN,Korn,MSeriff

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Mike

Mime-Version: 1.0
Date: Fri, 15 Sep 1995 17:06:58 -0700
To: brewster@wais.com (Brewster Kahle)
From: david@wais.com (David Kaiser)
Subject: Re: Deanna and Brewster's stuff
Cc: marym@wais.com, BSchuler1@aol.com

Brewster--

I think it is distracting for you and Deanna to keep your offices. Your mission is "Internet, long range"; the people here are "finish that Web site."

It is also clear that WAIS's role, post-acquisition has not gone as you would have wished, everyone knows this since you tell them, and I think it better for you to move. I'm told there is space in the Redgate building that is available and convenient.

I think a clean break is best for all involved.

dhk

>David,

>

>Deanna and I are moving over to AOL Technologies, effectively immediately

>(or sometime soon). I suggest that we keep the equipment and office

>furniture and we will stay in these offices for the time being.

>

>Thanks.

>

>-brewster

D. Kaiser

AOL Production's Web Studio
415.356.5427; fax 415.356.5444